Entrepreneurship –
How I launched my new Startup

Pratap Chillakanti,

PhD, MBA. Email: pratap@rewardscloud.com

India is now the fifth largest economy in the world. One of the significant reasons for India's resurgence is the entrepreneurship revolution that is sweeping the country. Numerous factors contributing to this revolution include 1) the ground breaking work done by the large information technology companies in providing product development services for the innovative multi-national companies, 2) peoples exposure and awareness of the technology innovations that are possible, 3) enthusiasm of the new generation of Indian students and workforce that aim big, 4) national and state government policies that encourage and support the launch of startups, and 5) generational inspiration from the fact that Indian-born leaders are now the CEOs of marquee companies like Google and Microsoft.

For aspiring entrepreneurs, once the thought occurs about launching their own startup, they do not necessarily have a clear roadmap to manifest their thoughts into an action plan. In this paper, I will narrate my experience over the last two years that allowed my startup to take birth, and progress toward a product launch in the summer of 2022 and landing a marquee client Google.

1. Background

In 2014, one of the iconic Silicon Valley networking companies hired my company to assist them with one of their channel partner incentive and rewards program. Numerous companies sell their products to end customers in two modes: 1) direct sellers – meaning that a company a has their own sales teams who sell the products and solutions to the end customers, and 2) indirect sales – selling through intermediaries, typically called channel partners. These channel partners interface with the end customers. The channel partners typically sell products and solutions from different companies. To ensure that a partner positions their products to a customer, the companies design a variety of incentives and rewards so that a partner is more engaged with them and that they position their product/solution to the end customer.

In the case of the incentives program that my company was program managing, we were interfacing with a vendor who provided the software solution that managed the incentives and rewards for the individual partner sellers of a partner company. Over a course of several years, there was partner dissatisfaction on several fronts:

1. The process of submitting a purchase order (PO) was error prone and the system could not find the PO because of syntax errors. As a result, they were not getting the rewards on time.

2. Partners opened support cases to resolve such issues. Since many POs were not processed automatically, the support cases began to grow rapidly, the resolutions times increased, and the partner dissatisfaction increased.

3. The technology and the software algorithms in essence were outdated. Some of the processes were manual and/or semi-automatic.

4. The company management was frustrated that partners were expressing their dissatisfaction, their engagement levels dropped, and the Return on Investment (ROI) was decreasing.

There was an opportunity for innovation, automation, and transformation. It was time to think about a new approach to solving these challenges. As an entrepreneur, I sensed an opportunity to solve a customer problem. We proposed a new state-of-art solution to address these challenges, enhance the system functionality, automate the process, and ensure a high level of partner satisfaction. Once approved, our team of almost twelve people designed, developed, and deployed a solution within nine months. The system went live in the first quarter of 2019. Since then, our team supports an ecosystem of over 25,000 partners.

2. The Beginning

At the beginning of 2021, I decided to launch a new startup, Rewards cloud Inc (https://rewardscloud.com).
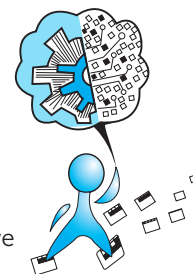
The purpose of the startup is to develop a solution in the channel incentives and management to begin with. My team and I had acquired domain knowledge including a deep understanding of the still unresolved problems and potential for innovation and transformation. To commit to this new journey, we needed to first do due diligence about its feasibility. Afterall, it requires a commitment of time, money, and resources. The following is a high-level process that was followed to arrive at a decision.

1. **Collaborative research on channel partner ecosystem**

   First, I gathered an excellent team of trusted advisors who worked in the industry in the channel partner space. These advisors were pioneers and thought leaders who have defined and led numerous channel partner programs in their distinguished career. The team also included my technical leads who gained expertise because of the development of similar solutions. We took about one month to do focused research to understand the channel partner ecosystem and the various sub-categories embedded in it. We had a recurring meeting, and we had a shared folder to share our work in progress and our observations.

2. **Collaborative research on incentives and rewards**

   A team was dedicated to researching the incentives and rewards landscape beyond the channel partner ecosystem. For example, there are many loyalty programs in industries such as air travel, hotels, and credit card programs. The purpose was to identify motivation factors that trigger people to act the way they do, and how we could use the theory of motivation to influence certain behavioral outcomes. This aspect of the research also lasted about a month.

3. **Scoping the problem and the opportunity**

   The team evaluated the results of steps 1 and 2 continuously. We identified numerous directions that we can take to develop the solution. For every direction suggested, we did a further evaluation of the product and solutions that are already in the marketplace. After an iterative process that lasted almost a month, we finalized the scope of the problem and the opportunity.

4. **Competitive Analysis**

   Now came the critical task of doing a comprehensive competitive analysis. For an entrepreneur, this is a crucial step in the journey. There are several aspects to conducting a competitive analysis. The product that is envisioned must address an either an "unmet" need in industry, or perhaps identify a new and innovative way of solving existing problems. Once the scope was defined, the team dedicated itself to identifying about fifteen different vendors in the marketplace that address problems like what we were trying to solve in an innovative fashion.

5. **Identifying the differentiators**

   This is yet another task that requires a deliberate and objective approach to ensure that we are embarking on the right journey. The differentiators must distinguish the startup from other competitors in such a way that once the product/solution is released the barrier to entry is set very high. It means that it will take a long time for competition to catch up. The team identified five differentiators, but we needed validate whether these were going to be true differentiators.

6. **Expert evaluation of the differentiators**

   Through the contacts of our industry recognized advisors and our clients, we conducted several interviews to get valuable input on these differentiators. The experts helped us evaluate these differentiators multiple perspectives. The result was a more holistic way of combining these differentiators to create a powerful Partner Ecosystem platform that is beyond just the incentives and rewards management.

7. **Making the Go/No Go decision**

   This was the last step of the process. The entire team met for a final discussion where all the research, the methodology adopted, and the final conclusions were presented. After some passionate discussions, the team unanimously approved the decision to go to the next step of identifying the Minimum Viable Product (MVP) that needs to be developed.

3. The MVP Development Journey

The scoping of the problem and the opportunity is at a broader level as what we aim to achieve with our product/solution. In the dynamic product introductions in today's world, it is important that startup products be introduced into the market quickly to ensure their competitive advantages. This implies that in general the product development lifecycle should be such that the new product is introduced in a reasonable timeframe. In our case, we determined and agreed that we should introduce our product within a year from the product development launch date. The business and the technical teams collaborated to first document a detailed list of the product requirements over a course of two weeks. The technical team further evaluated these requirements in terms of time estimates for completing those tasks. Through an iterative process we all agreed on the subset of the overall requirements that will be part of the first release of the product. It is a sufficient set of requirements encompassing the five key differentiators. This became our MVP.

The MVP determined the team structure including the knowledge, skills, and experience required for different roles such as technical architect, UI/UX designer, front-end developer, back-end developer, DevOps engineer, Web Developer, Testing and QA lead, and technical project manager. Since our startup did not have all the required skills in house, we attempted to hire the right people but were not able to put together a good team on time. A strategic business decision was made to hire a technical consulting firm to provide us the necessary resource. The development started in earnest in the first week of June 2021.

4. The Challenges and The Solutions

The development process had its own share of challenges that required very active people and process management. Some of the challenges that we faced include the following:

1. It was clear very early on that some of the back-end developers provided by the consulting company were not competent enough to meet our stringent standards of algorithm design and coding. They had to be replaced with substitutes which then resulted in a few weeks of delays in the development process.

2. Some of the development team members provided by the consulting team company were not their direct employees. We noticed that their commitment levels and their motivation was not on par with the rest of team. As the overall leader of the team, I worked with the tech leads to device ways to motivate the team members go beyond the normal call of duty to achieve the development milestones in a timely manner.

3. There was a crucial product demonstration meeting a highly influential analyst who agreed to review our product and mention it in his widely circulated report about the state-of-art I the channel partner domain. To meet this deadline, we had to overcome the above-mentioned challenges and inspire the team to step up to the challenge. This entailed working through the weekends and doing whatever it takes to succeed. We passed the analyst gate and eventually our product was included in the analyst's report.

4. At the end of February 2022, we had a rude shock from the consulting company that the two critical back-end resources that the company hired through third parties will quit the project with one day notice. This essentially put the entire project in a jeopardy. Such delays would cost a startup precious time and significant money. Fortunately, we were able to solve the problem by hiring two better backend developers within a week and the development was back on track.

5. The MVP was finally delivered at the end of May 2022 as we estimated. In the following three months, the teams focused on enhancing the security of the product so that it is compliant with the various Infosec standards in the industry.

5. Landing a Marquee Client

During the journey, the team gave numerous demos through a combination of prototype/interactive mockups to several companies. This allowed us to get valuable feedback from prospective clients. One client, Google, saw our demo and got insights into how we developed the solution for the networking client. They signed us up to implement their customized solution. Our team got onboarded and withing six months, we hope to deploy the custom solution.

6. Conclusions

The journey continues. The team finalized the requirements for the next phase of the product. This article aims to shed light on what it takes for an entrepreneur to bring a product to life once they get a small idea and they start dreaming big about the changing the world. The article did not touch upon the other important aspects of such a journey. Most importantly, it does not present the approach to financing the product development. In our case, we had a paying client that generated positive cash flow. In addition, as a founder of the company, I invested my personal funds into this effort. For more details about how to finance entrepreneurial efforts, you can contact the author.

About the Author

Dr. Pratap Chillakanti holds two technical PhDs, one in Information Security, and one in Transdisciplinary Research and Education. He also holds an MBA from University of Chicago Booth School of business. Pratap is an Entrepreneur, Adjunct Professor, Researcher, and a Mentor. He has over 30 years of experience in both the Silicon Valley technology industry and the academia